



AGENDA DATE: 4/25/01
AGENDA ITEM: 4F

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE APPLICATION)
OF THE BOROUGH OF BUTLER ELECTRIC)
UTILITY FOR AN ORDER APPROVING A)
LEVELIZED ENERGY ADJUSTMENT)
CLAUSE (LEAC) FOR APRIL 1, 2001 TO)
MARCH 31, 2002)

ENERGY
ORDER APPROVING
STIPULATION

DOCKET NO. ER01010076

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated January 31, 2001, the Borough of Butler Electric Utility ("Butler", "Company", "Petitioner") filed a Petition with the Board of Public Utilities ("Board") to: (1) decrease its annual Levelized Energy Adjustment Clause ("LEAC") rate from negative \$.001307 per kilowatt-hour (kWh) to negative \$.002979 per kWh effective April 1, 2001; (2) continue the cap level of \$.0375 per kWh on quarterly adjustments to the LEAC rate; and (3) continue the implementation of the LEAC rates as authorized by Board Order dated April 23, 1987 in Docket No. ER8604390, and as approved by Board Order Adopting Stipulation, Docket No. ER92010082 dated April 2, 1992.

By Order dated April 23, 1987, Docket No. ER8604390, the Board authorized Butler to implement certain revisions in its annual LEAC. Those revisions included a provision that allowed Butler to adjust its LEAC rate on a quarterly basis so as to eliminate, or at least minimize, LEAC fuel balance over-recoveries and under-recoveries so long as the resulting LEAC rate does not exceed a cap of \$.0375 per kWh. Butler seeks a continuance of this cap and quarterly adjustment mechanism. Butler remains subject to a full annual LEAC proceeding, which it is required to file by February 1 of each year.

On April 2, 2001, Butler, the Ratepayer Advocate, and Board Staff entered into the attached Stipulation. The following are the salient features of the Stipulation:

1. The LEAC rate shall be negative \$.002979 per kWh effective on and after May 1, 2001.

2. Interest on over-recoveries shall continue to be computed on an annual basis at the prevailing monthly New Jersey Cash Management Fund Interest Rate. Accrued interest from the previous LEAC year will be reflected in each annual filing.
3. Petitioner's cap level of \$0.0375 per kWh applicable to the quarterly LEAC adjustment filing, established by Board Order dated April 23, 1987 in Docket No. ER8604390 shall continue.
4. Until otherwise altered by the Board, the Petitioner shall have an annual LEAC proceeding that shall be filed February 1st of each year, to be effective as of April 1st of said year.
5. The Company's LEAC costs will remain subject to audit by the Board. This Stipulation shall not preclude nor prohibit the Board from taking any actions deemed appropriate as a result of any such audit.
6. Petitioner shall continue to file, as previously ordered by the Board, monthly reports with all signatory parties as to the status of its over/under recovery.
7. As authorized by Board Order in Docket No. ER86040390 dated April 23, 1987; the Petitioner will continue to implement a LEAC rate.
8. Petitioner agrees that all future LEAC proceedings shall continue to comply with the minimum LEAC filing requirements ordered by the Board in its Order under Docket Nos. 8503-302 and 8503-303 dated August 16, 1985.

Discussion and Findings

The Board has reviewed the Stipulation and, with the clarification noted below, FINDS it to be just and reasonable and in the public interest. Accordingly, the Board HEREBY ADOPTS the Stipulation, as clarified herein, in its entirety, incorporating by reference, its terms and conditions into this Order, as though set forth at length herein. The Board HEREBY APPROVES the LEAC rate of negative \$0.002979 per kWh effective on and after May 1, 2001. Further, Petitioner is authorized to continue its quarterly LEAC adjustment mechanism, as established by the Board's Order, Docket No. ER8604390, dated April 23, 1987, subject to the cap of \$0.0375 per kWh. Butler's LEAC costs remain subject to audit by the Board, and our approval of the Petition shall not preclude nor prohibit the Board from taking any actions deemed appropriate as a result of any such audit. The Board HEREBY CLARIFIES that future annual LEAC charges shall become effective, subject to prior Board approval, for service rendered on or after the date of each Board approval, as determined by the Board.

The Company has submitted proposed tariffs that conform to the terms and conditions of the Stipulation. The Board, having reviewed the tariff pages, HEREBY FINDS them to be consistent with the Stipulation. Accordingly, The Board HEREBY ORDERS Butler to file final tariff pages, effective for service rendered on or after May 1, 2001, which conform to the terms and conditions of this order within ten (10) business of this Order.

The Board HEREBY DIRECTS Butler to continue to file monthly reports with all signatory parties as to the status of its LEAC over/under-recovery.

DATED: April 27, 2001

BOARD OF PUBLIC UTILITIES
BY: (SIGNED)

CAROL J. MURPHY
ACTING PRESIDENT

(SIGNED)
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(SIGNED)
FRANCES L. SMITH
SECRETARY